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Dozier Internet Law, P.C.

June 7, 2007

VIA FEDERAL EXPRESS

David Bousfield
Rebecca Lonergan
Sunset Mountains, Inc.
54 Old El Pueblo Road, Suite C
Scotts Valley, CA 95066

Re: Mosaic Tile Supplies, LLC – Our File No: 0475-001

Dear Mr. Bousfield and Mrs. Lonergan:

Please be advised that we represent Mosaic Tile Supplies, LLC ("Mosaic Tile"). Our client is the owner of U.S. Trademark Registration No. 3111617 for "KALEIDOSCOPE"; U.S. Trademark Registration No. 3193206 for "PRISM"; U.S. Trademark Registration No. 3246410 for "ILLUMINATI"; U.S. Application Ser. No. 78633036 for "ALCHEMY", and the common law trademarks for "AURA" and "LYRIC", collectively referred to as (the "Marks"). The Marks have been used for several years to identify our client's mosaic glass tiles goods and services to the public. Our client makes extensive use of these marks in commerce.

Since 2002, Mosaic Tile has been the premiere online source for over 700 styles, colors and finishes of glass, stainless steel and porcelain mosaic tiles, and made on demand mosaic murals and patterns. By virtue of our client's widespread advertising and promotion, the Marks have become associated exclusively with our client in connection with the above-identified services. Accordingly, the Marks are a highly valued and significant asset of Mosaic Tile.

On or about February 2007, as a result of your breach to your exclusive supplier agreement with our client, our client terminated your status as an exclusive supplier of our client's mosaic tiles marketed under the Marks. At that time, our client conditionally allowed you to receive and sell a shipment of Mosaic Tile's products that you had paid for prior to your termination. However, this license to sell our client's products was subject to, *inter alia*, the following conditions:

1. You were prohibited from re-branding our client's products for sale on your websites;
2. You were required to correctly identify our client's products as Mosaic Tile Supplies, LLC's products; and
3. You were required to continue to use the Marks only for the specific items that you had in stock and only until the items were sold out. You were also required to remove any references to products that you did not have in stock.

You have failed to comply with these conditions. You are actively advertising or selling re-branded versions of our client's products on several websites, including mosaictilemarket.com, modwalls.com, modwallsdesignernotes.blogspot.com, and monstermarketplace.com.

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You have also failed to correctly identify our client's products as Mosaic Tile Supplies, LLC's products. On your websites, you improperly state that "Kaleidoscope®, Prism®, Aura™, Illuminati™, and Lyric™ are trademarks and/or trade names of MTS, LLC." Our client's correct corporate name is Mosaic Tile Supplies, LLC, not MTS, LLC.

We have thoroughly documented your practice of falsely advertising our client's products for sale. You have failed to use the Marks only for the specific items that you had in stock. You have also failed to remove any references to products that you do not have in stock. Rather than being able to order Mosaic Tile's products from your websites, interested customers can only order your "Color Samples." This deceptive business practice is legally actionable and will not be tolerated. As a result of your actions, you are no longer authorized to sell any of Mosaic Tile's products or to display the Marks on your websites.

The Marks described above are subject to protection from infringement under state and federal trademark and unfair competition law. To avoid being named in a lawsuit and exposed to a judgment for substantial damages, we hereby demand the following:

1. Immediately remove any and all references to our client's products from your websites;
2. Immediately cease and desist from re-branding our client's products for sale on your websites;
3. Provide a complete accounting of the gross income received from your business from February 1, 2007 until the date of your complete removal of our client's products, including the re-branded items, from your websites;
4. Payment of attorneys' fees and costs incurred by our client;
5. An appropriate written agreement that your organization will refrain from any further infringing activity;
6. The issuance of an acceptable notice communicated to all of your customers of the websites advising them of your improper use of our client's trademarks; and
7. That you immediately cease and desist from using any of our client's trademarks in any other manner, including but not limited to utilizing our client's protected information in any other marketing and/or business materials or products.

If the above demands are not immediately complied with, we will have no alternative but to recommend that our client take legal action against you. This is a very serious matter that demands your immediate attention. We strongly recommend that you review this matter promptly and contact us immediately to address and resolve this situation. If we do not hear from you by June 12, 2007, we will be forced to recommend that our client file suit against you. We will continue to fully advise our client of its legal remedies in regard to this issue, however, we hope to have your cooperation in resolving this matter without having to resort to legal action. I look forward to hearing from you prior to June 12, 2007.

Sincerely,


Donald E. Morris, Esq.

DEM/djr

cc: Mosaic Tile Supplies, LLC